

Message Text

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ACTION IO-10

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10 RSC-01

SP-02 AID-05 EB-07 NSC-05 CIEP-02 TRSE-00 SS-15

STR-04 OMB-01 CEA-01 COME-00 FRB-01 XMB-04 CIAE-00

DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 PA-02 PRS-01

USIA-15 /143 W

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R 262331Z NOV 74

FM USMISSION USUN NY

TO SECSTATE WASHDC 7876

UNCLAS USUN 5429

E.O. 11652: N/A

TAGS: EFIN IBRD IMF UNGA ECOSOC

SUBJ: 57TH ECOSOC RESUMED SESSION;

ITEM 4; REPORT OF THE IMF

1. IN LUCID PRESENTATION IMF MANAGING DIRECTOR WITTEVEEN PRESENTED ANNUAL REPORT OF THE FUND AND DISCUSSED MATTER OF COMMON INTEREST. HE IDENTIFIED SIGNS OF RECESSION IN LARGER COUNTRIES AND MASSIVE IMBALANCE IN INTERNATIONAL PAYMENTS AS CRITICAL DEVELOPMENTS OF LAST YEAR.

2. WITTEVEEN STATED THAT INTERNATIONAL CHARACTERISTIC OF THESE DIFFICULTIES PLACES ADDITIONAL RESPONSIBILITIES ON GOVERNMENTS. WHILE THEY NEED TO UNDERTAKE DETERMINED AND PERSISTENT REMEDIAL ACTION, FAILURE TO TAKE DUE ACCOUNT OF SUCH ACTIONS ON OTHER COUNTRIES MIGHT AGGRAVATE SITUATION FOR ALL. ALSO STRESSES THAT POOR COUNTRIES DO NOT HAVE THE ECONOMIC RESOURCES STRENGTH TO CARRY OUT ADJUSTMENTS BY THEMSELVES. REMAINDER OF THE SPEECH CITED CURRENT \$65 BILLION OF SURPLUS ACCURING TO OPEC COUNTRIES AND THE CONSEQUENT PROBLEMS OF ADJUSTMENT AS ACCURING TO FUND AND THE INTERNATIONAL COMMUNITY. PROGNOSIS IS THAT THE PROCESS

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OF ACCUMULATIONS BY OPEC COUNTRIES CAN BE EXPECTED TO CONTINUE.

HE SPECULATED THAT FINANCIAL MARKETS LIKELY TO PAY A LARGER ROLE THIS YEAR, AND NECESSARY FUNDS NOT LIKELY TO FLOW TO ALL NEEDY STATES. IN THIS SETTING RECYCLING IS A LARGER PREOCCUPATION AND BILATERALS BEING NEGOTIATED AND/OR CONCLUDED BY THOSE SEEKING RELIEF.

3. THE MANAGING DIRECTOR BRIEFLY DISCUSSED THE KISSINGER SUPPLEMENTAL FACILITY PROPOSAL AND EMPHASIZED THE SECRETARY'S STATEMENT THAT HIS PROPOSAL WOULD BE A SUPPLEMENTAL RATHER THAN A COMPLETE ANSWER (FULL TEXT BEING POUCHED).

4. EIGHT GOVERNMENTS SPOKE IN RESPONSE TO THE PRESENTATION. FRG EXPRESSED INTEREST IN NEW INNOVATIVE APPROACHES OF THE FUND. THE USSR PLACED BLAME OF INTERNATIONAL CRISES UPON CAPITALISM AND MACHINATIONS OF TRANSNATIONAL CORPORATIONS. FRENCH INTERVENTION IN MAIN COURTESY. PAKISTANIS MADE THOUGHTFUL STATEMENT STRESSING NEED FOR GENUINE ADJUSTMENTS IN ECONOMIC ORDER AND IRONY OF CRISIS WHICH MAY BRING WORLD COMMUNITY TO THE VERGE OF MEANINGFUL LONG-TERM SOLUTIONS. UK EXPANDED UPON THIS NOTION AND FIRMLY SUPPORTED LINK BETWEEN SDR'S AND DEVELOPMENT. GDR ATTACKED RECYCLING AS A DEVISE PROVIDING FRESH RESOURCES FOR CAPITALISTS EXPLORATION AND LAUDED THE RUBLE AS MOST STAPLE CURRENCY OF ALL. PRC ATTACKED THE CONTINUED PARTICIPATION OF TAIWAN IN FUND. IRAN TOOK CREDIT FOR FIRST CONTRIBUTOR TO IMF OIL FACILITY AND IMENDED FACT THAT NO LARGER INDUSTRIAL COUNTRY HAS CONTRIBUTED TO IT. THEY EMPHASIZED THAT FACILITY NOT INTENDED TO DRAW FINANCING EXCLUSIVELY FROM OIL PRODUCERS. SPOKESMAN ALSO MADE EXTENDED JUSTIFICATION FOR PRICE ADJUSTMENTS AND CONTENTED THAT ADDITIVE REVENUE LARGELY ABSORBABLE BY REVISED FIVE-YEAR-PLAN BY HIS COUNTRY.

5. THE COUNCIL NOTED WITH APPRECIATION THE REPORT OF THE IMF.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMITTEE MEETINGS, MEETING REPORTS, ANNUAL REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974USUNN05429
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740343-0958
From: USUN NEW YORK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741110/aaaaahwd.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION IO
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 14 NOV 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 NOV 2002 by MorefiRH>; APPROVED <19-Nov-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 57TH ECOSOC RESUMED SESSION; ITEM 4; REPORT OF THE IMF
TAGS: EFIN, IBRD, IMF, UNGA, ECOSOC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005